

State of Arizona  
Senate  
Forty-fifth Legislature  
First Regular Session  
2001

CHAPTER 11

**SENATE BILL 1181**

AN ACT

AMENDING SECTIONS 15-342, 15-1023.01, 15-2002, 15-2021, 15-2081, 15-2085, 41-2632 AND 41-3008.19, ARIZONA REVISED STATUTES; AMENDING LAWS 1998, FIFTH SPECIAL SESSION, CHAPTER 1, SECTION 55, AS AMENDED BY LAWS 1999, CHAPTER 299, SECTION 39 AND LAWS 2000, CHAPTER 163, SECTION 2; AMENDING LAWS 1998, FIFTH SPECIAL SESSION, CHAPTER 1, SECTION 60, AS AMENDED BY LAWS 2000, CHAPTER 163, SECTION 3; REPEALING LAWS 2000, FIFTH SPECIAL SESSION, CHAPTER 1, SECTION 59; RELATING TO THE SCHOOL FACILITIES BOARD.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-342, Arizona Revised Statutes, is amended to  
3 read:

4 15-342. Discretionary powers

5 The governing board may:

6 1. Expel pupils for misconduct.

7 2. Exclude from grades one through eight children under six years of  
8 age.

9 3. Make such separation of groups of pupils as it deems advisable.

10 4. Maintain such special schools during vacation as deemed necessary  
11 for the benefit of the pupils of the school district.

12 5. Permit a superintendent or principal or representatives of the  
13 superintendent or principal to travel for a school purpose, as determined by  
14 a majority vote of the board. The board may permit members and members-elect  
15 of the board to travel within or without the school district for a school  
16 purpose and receive reimbursement. Any expenditure for travel and  
17 subsistence pursuant to this paragraph shall be as provided in title 38,  
18 chapter 4, article 2. The designated post of duty referred to in section  
19 38-621 shall be construed, for school district governing board members, to  
20 be the member's actual place of residence, as opposed to the school district  
21 office or the school district boundaries. Such expenditures shall be a  
22 charge against the budgeted school district funds. The governing board of  
23 a school district shall prescribe procedures and amounts for reimbursement  
24 of lodging and subsistence expenses. Reimbursement amounts shall not exceed  
25 the maximum amounts established pursuant to section 38-624, subsection C.

26 6. Construct or provide in rural districts housing facilities for  
27 teachers and other school employees which the board determines are necessary  
28 for the operation of the school.

29 7. Sell or lease to the state, a county, a city or a tribal government  
30 agency, any school property required for a public purpose, provided the sale  
31 or lease of the property will not affect the normal operations of a school  
32 within the school district.

33 8. Annually budget and expend funds for membership in an association  
34 of school districts within this state.

35 9. Enter into leases or lease-purchase agreements for school buildings  
36 or grounds, or both, as lessor or as lessee, for periods of less than five  
37 years subject to voter approval for construction of school buildings as  
38 prescribed in section 15-341, subsection A, paragraph 8.

39 10. Subject to chapter 16 of this title, sell school sites or enter  
40 into leases or lease-purchase agreements for school buildings and grounds,  
41 as lessor or as lessee, for a period of five years or more, but not to exceed  
42 ninety-nine years, if authorized by a vote of the school district electors  
43 in an election called by the governing board as provided in section 15-491,  
44 except that authorization by the school district electors in an election is  
45 not required if either ONE OF THE FOLLOWING REQUIREMENTS IS MET:

1 (a) The market value of the school property is less than fifty  
2 thousand dollars.

3 (b) THE BUILDINGS AND SITES ARE COMPLETELY FUNDED WITH MONIES  
4 DISTRIBUTED BY THE SCHOOL FACILITIES BOARD.

5 (c) THE TRANSACTION INVOLVES THE SALE OF IMPROVED OR UNIMPROVED  
6 PROPERTY PURSUANT TO AN AGREEMENT WITH THE SCHOOL FACILITIES BOARD IN WHICH  
7 THE SCHOOL DISTRICT AGREES TO SELL THE IMPROVED OR UNIMPROVED PROPERTY AND  
8 TRANSFER THE PROCEEDS OF THE SALE TO THE SCHOOL FACILITIES BOARD IN EXCHANGE  
9 FOR MONIES FROM THE SCHOOL FACILITIES BOARD FOR THE ACQUISITION OF A MORE  
10 SUITABLE SCHOOL SITE. FOR A SALE OF PROPERTY ACQUIRED BY A SCHOOL DISTRICT  
11 PRIOR TO JULY 9, 1998, A SCHOOL DISTRICT SHALL TRANSFER TO THE SCHOOL  
12 FACILITIES BOARD THAT PORTION OF THE PROCEEDS THAT EQUALS THE COST OF THE  
13 ACQUISITION OF A MORE SUITABLE SCHOOL SITE. IF THERE ARE ANY REMAINING  
14 PROCEEDS AFTER THE TRANSFER OF FUNDS TO THE SCHOOL FACILITIES BOARD, A SCHOOL  
15 DISTRICT SHALL ONLY USE THOSE REMAINING PROCEEDS FOR FUTURE LAND PURCHASES  
16 APPROVED BY THE SCHOOL FACILITIES BOARD, OR FOR CAPITAL IMPROVEMENTS NOT  
17 FUNDED BY THE SCHOOL FACILITIES BOARD FOR ANY EXISTING OR FUTURE FACILITY.

18 (b) (d) The transaction involves the sale of improved or unimproved  
19 property pursuant to a formally adopted plan and the school district uses the  
20 proceeds of this sale to purchase other property that will be used for  
21 similar purposes as the property that was originally sold, provided that the  
22 sale proceeds of the improved or unimproved property are used within two  
23 years after the date of the original sale to purchase the replacement  
24 property. If the sale proceeds of the improved or unimproved property are  
25 not used within two years after the date of the original sale to purchase  
26 replacement property, the sale proceeds shall be used towards payment of any  
27 outstanding bonded indebtedness. If any sale proceeds remain after paying  
28 for outstanding bonded indebtedness, or if the district has no outstanding  
29 bonded indebtedness, sale proceeds shall be used to reduce the district's  
30 primary tax levy. A school district shall not use the provisions of this  
31 subdivision unless all of the following conditions exist:

32 (i) The school district is the sole owner of the improved or  
33 unimproved property that the school district intends to sell.

34 (ii) The school district did not purchase the improved or unimproved  
35 property that the school district intends to sell with monies that were  
36 distributed pursuant to chapter 16 of this title.

37 (iii) The transaction does not violate section 15-341, subsection G.

38 11. Review the decision of a teacher to promote a pupil to a grade or  
39 retain a pupil in a grade in a common school or to pass or fail a pupil in  
40 a course in high school. The pupil has the burden of proof to overturn the  
41 decision of a teacher to promote, retain, pass or fail the pupil. In order  
42 to sustain the burden of proof, the pupil shall demonstrate to the governing  
43 board that the pupil has mastered the academic standards adopted by the state  
44 board of education pursuant to sections 15-701 and 15-701.01. If the  
45 governing board overturns the decision of a teacher pursuant to this

1 paragraph, the governing board shall adopt a written finding that the pupil  
2 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
3 article 3.1, the governing board shall review the decision of a teacher to  
4 promote a pupil to a grade or retain a pupil in a grade in a common school  
5 or to pass or fail a pupil in a course in high school in executive session  
6 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
7 disagrees that the review should be conducted in executive session and then  
8 the review shall be conducted in an open meeting. If the review is conducted  
9 in executive session, the board shall notify the teacher of the date, time  
10 and place of the review and shall allow the teacher to be present at the  
11 review. If the teacher is not present at the review, the board shall consult  
12 with the teacher before making its decision. Any request, including the  
13 written request as provided in section 15-341, the written evidence presented  
14 at the review and the written record of the review, including the decision  
15 of the governing board to accept or reject the teacher's decision, shall be  
16 retained by the governing board as part of its permanent records.

17 12. Provide transportation or site transportation loading and unloading  
18 areas for any child or children if deemed for the best interest of the  
19 district, whether within or without the district, county or state.

20 13. Enter into intergovernmental agreements and contracts with school  
21 districts or other governing bodies as provided in section 11-952.

22 14. Include in the curricula which it prescribes for high schools in  
23 the school district vocational and technological education programs and  
24 vocational and technological program improvement services for the high  
25 schools, subject to approval by the state board of education. The governing  
26 board may contract for the provision of vocational and technological  
27 education as provided in section 15-789.

28 15. Suspend a teacher or administrator from his duties without pay for  
29 a period of time of not to exceed ten school days, if the board determines  
30 that suspension is warranted pursuant to section 15-341, subsection A,  
31 paragraphs 23 and 24.

32 16. Dedicate school property within an incorporated city or town to  
33 such city or town or within a county to that county for use as a public  
34 right-of-way if both of the following apply:

35 (a) Pursuant to an ordinance adopted by such city, town or county,  
36 there will be conferred upon the school district privileges and benefits  
37 which may include benefits related to zoning.

38 (b) The dedication will not affect the normal operation of any school  
39 within the district.

40 17. Enter into option agreements for the purchase of school sites.

41 18. Donate surplus or outdated learning materials to nonprofit  
42 community organizations where the governing board determines that the  
43 anticipated cost of selling the learning materials equals or exceeds the  
44 estimated market value of the materials.

1        19. Prescribe policies for the assessment of reasonable fees for  
2 students to use district-provided parking facilities. The fees are to be  
3 applied by the district solely against costs incurred in operating or  
4 securing the parking facilities. Any policy adopted by the governing board  
5 pursuant to this paragraph shall include a fee waiver provision in  
6 appropriate cases of need or economic hardship.

7        20. Establish alternative educational programs that are consistent with  
8 the laws of this state to educate pupils, including pupils who have been  
9 reassigned pursuant to section 15-841, subsection E or F.

10       21. Require a period of silence to be observed at the commencement of  
11 the first class of the day in the schools. If a governing board chooses to  
12 require a period of silence to be observed, the teacher in charge of the room  
13 in which the first class is held shall announce that a period of silence not  
14 to exceed one minute in duration will be observed for meditation, and during  
15 that time no activities shall take place and silence shall be maintained.

16       22. Require students to wear uniforms.

17       23. Exchange unimproved property or improved property, including school  
18 sites, where the governing board determines that the improved property is  
19 unnecessary for the continued operation of the school district without  
20 requesting authorization by a vote of the school district electors if the  
21 governing board determines that the exchange is necessary to protect the  
22 health, safety or welfare of pupils or when the governing board determines  
23 that the exchange is based on sound business principles for either:

24       (a) Unimproved or improved property of equal or greater value.

25       (b) Unimproved property that the owner contracts to improve if the  
26 value of the property ultimately received by the school district is of equal  
27 or greater value.

28       24. For common and high school pupils, assess reasonable fees for  
29 optional extracurricular activities and programs conducted when the common  
30 or high school is not in session, except that no fees shall be charged for  
31 pupils' access to or use of computers or related materials. For high school  
32 pupils, the governing board may assess reasonable fees for fine arts and  
33 vocational education courses and for optional services, equipment and  
34 materials offered to the pupils beyond those required to successfully  
35 complete the basic requirements of any other course, except that no fees  
36 shall be charged for pupils' access to or use of computers or related  
37 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
38 public meeting after notice has been given to all parents of pupils enrolled  
39 at schools in the district and shall not exceed the actual costs of the  
40 activities, programs, services, equipment or materials. The governing board  
41 shall authorize principals to waive the assessment of all or part of a fee  
42 assessed pursuant to this paragraph if it creates an economic hardship for  
43 a pupil. For the purposes of this paragraph, "extracurricular activity"  
44 means any optional, noncredit, educational or recreational activity which

1 supplements the education program of the school, whether offered before,  
2 during or after regular school hours.

3 25. Notwithstanding section 15-341, subsection A, paragraphs 8 and 10,  
4 construct school buildings and purchase OR LEASE school sites, without a vote  
5 of the school district electors, if the buildings and sites are totally  
6 funded from one or more of the following:

7 (a) Monies in the unrestricted capital outlay fund, except that the  
8 estimated cost shall not exceed two hundred fifty thousand dollars for a  
9 district that utilizes the provisions of section 15-949.

10 (b) Monies distributed from the school facilities board established  
11 by section 15-2001.

12 (c) Monies specifically donated for the purpose of constructing school  
13 buildings.

14 Nothing in this paragraph shall be construed to eliminate the requirement for  
15 an election to raise revenues for a capital outlay override pursuant to  
16 section 15-481 or a bond election pursuant to section 15-491.

17 26. Conduct a background investigation that includes a fingerprint  
18 check conducted pursuant to section 41-1750, subsection G for certificated  
19 personnel and personnel who are not paid employees of the school district,  
20 as a condition of employment. A school district may release the results of  
21 a background check to another school district for employment purposes. The  
22 school district may charge the costs of fingerprint checks to its  
23 fingerprinted employee, except that the school district may not charge the  
24 costs of fingerprint checks for personnel who are not paid employees of the  
25 school district.

26 27. Sell advertising space on the exterior of school buses as follows:

27 (a) Advertisements shall be age appropriate and not contain promotion  
28 of any substance that is illegal for minors such as alcohol, tobacco and  
29 drugs or gambling. Advertisements shall comply with the state sex education  
30 policy of abstinence.

31 (b) Advertising approved by the governing board may appear only on the  
32 sides of the bus in the following areas:

33 (i) The signs shall be below the seat level rub rail and not extend  
34 above the bottom of the side windows.

35 (ii) The signs shall be at least three inches from any required  
36 lettering, lamp, wheel well or reflector behind the service door or stop  
37 signal arm.

38 (iii) The signs shall not extend from the body of the bus so as to  
39 allow a handhold or present a danger to pedestrians.

40 (iv) The signs shall not interfere with the operation of any door or  
41 window.

42 (v) The signs shall not be placed on any emergency doors.

43 (c) Establish a school bus advertisement fund that is comprised of  
44 revenues from the sale of advertising space on school buses. The monies in

1 a school bus advertisement fund are not subject to reversion and shall be  
2 used for the following purposes:

3 (i) To comply with the energy conservation measures prescribed in  
4 section 15-349 in school districts that are in area A as defined in section  
5 49-541, and any remaining monies shall be used to purchase alternative fuel  
6 support vehicles and any other pupil related costs as determined by the  
7 governing board.

8 (ii) For any pupil related costs as determined by the governing board  
9 in school districts not subject to the provisions of item (i) of this  
10 subdivision.

11 28. Assess reasonable damage deposits to pupils in grades seven  
12 through twelve for the use of textbooks, musical instruments, band uniforms  
13 or other equipment required for academic courses. The governing board shall  
14 adopt policies on any damage deposits assessed pursuant to this paragraph at  
15 a public meeting called for this purpose after providing notice to all  
16 parents of pupils in grades seven through twelve in the school district.  
17 Principals of individual schools within the district may waive the damage  
18 deposit requirement for any textbook or other item if the payment of the  
19 damage deposit would create an economic hardship for the pupil. The school  
20 district shall return the full amount of the damage deposit for any textbook  
21 or other item if the pupil returns the textbook or other item in reasonably  
22 good condition within the time period prescribed by the governing board. For  
23 the purposes of this paragraph, "in reasonably good condition" means the  
24 textbook or other item is in the same or a similar condition as it was when  
25 the pupil received it, plus ordinary wear and tear.

26 Sec. 2. Section 15-1023.01, Arizona Revised Statutes, is amended to  
27 read:

28 15-1023.01. Municipal property corporation financing  
29 prohibited; definition

30 A. Except as provided in subsection C, a school district shall not  
31 directly or indirectly pledge its full faith and credit nor incur any direct  
32 or indirect obligation of any kind against or pay school district revenues  
33 to a municipal property corporation or a special district under title 48 as  
34 a means of financing the acquisition or construction of school capital  
35 facilities.

36 B. This section does not apply to any valid obligation initially  
37 incurred by a school district on or before December 31, 1998.

38 C. A school district may pledge school district revenues to a  
39 municipal property corporation or a special district under title 48 for the  
40 purpose of constructing teacher housing facilities OR FOR ANY PROJECT  
41 FINANCED WITH A LOAN FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE.

42 D. For purposes of this section, "municipal property corporation"  
43 means a corporation organized by or at the direction of a city, town or  
44 school district to construct and own a capital facility that the school

1 district pledges to lease or lease-purchase and finance with school district  
2 revenues.

3 Sec. 3. Section 15-2002, Arizona Revised Statutes, is amended to read:  
4 15-2002. Powers and duties; executive director; staffing;  
5 report

6 A. The school facilities board shall:

7 1. Make assessments of school facilities and equipment deficiencies  
8 pursuant to section 15-2021 and approve the distribution of grants as  
9 appropriate.

10 2. Develop a ~~data-base~~ DATABASE for administering the building renewal  
11 formula prescribed in section 15-2031 and administer the distribution of  
12 monies to school districts for building renewal.

13 3. Inspect school buildings at least once every five years to ensure  
14 compliance with the building adequacy standards prescribed in section 15-2011  
15 with respect to construction of new buildings and maintenance of existing  
16 buildings.

17 4. Review and approve student population projections submitted by  
18 school districts to determine to what extent school districts are entitled to  
19 monies to construct new facilities pursuant to section 15-2041. The board  
20 shall make a final determination within six months of the receipt of an  
21 application by a school district for monies from the new school facilities  
22 fund.

23 5. Certify that plans for new school facilities meet the building  
24 adequacy standards prescribed in section 15-2011.

25 6. Develop prototypical elementary and high school designs. The board  
26 shall review the design differences between the schools with the highest  
27 academic productivity scores and the schools with the lowest academic  
28 productivity scores. The board shall also review the results of a valid and  
29 reliable survey of parent quality rating in the highest performing schools  
30 and the lowest performing schools in this state. The survey of parent  
31 quality rating shall be administered by the department of education. The  
32 board shall consider the design elements of the schools with the highest  
33 academic productivity scores and parent quality ratings in the development of  
34 elementary and high school designs. The board shall develop separate school  
35 designs for elementary, middle and high schools with varying pupil  
36 capacities.

37 7. Develop application forms, reporting forms and procedures to carry  
38 out the requirements of this article.

39 8. Review and approve or reject requests submitted by school districts  
40 to take actions pursuant to section 15-341, subsection F.

41 9. Submit an annual report by December 15 to the speaker of the house  
42 of representatives, the president of the senate, the superintendent of public  
43 instruction, the director of the Arizona state library, archives and public  
44 records and the governor that includes the following information:



1 (a) A detailed description of the amount of monies distributed by the  
2 school facilities board in the previous fiscal year.

3 (b) A list of each capital project that received monies from the  
4 school facilities board during the previous fiscal year, a brief description  
5 of each project that was funded and a summary of the board's reasons for the  
6 distribution of monies for the project.

7 (c) A summary of the findings and conclusions of the building  
8 maintenance inspections conducted pursuant to this article during the  
9 previous fiscal year.

10 (d) A summary of the findings of common design elements and  
11 characteristics of the highest performing schools and the lowest performing  
12 schools based on academic productivity including the results of the parent  
13 quality rating survey.

14 For the purposes of this paragraph, "academic productivity" means academic  
15 year advancement per calendar year as measured with student-level data using  
16 the statewide nationally standardized norm-referenced achievement test.

17 10. By December 1 of each even-numbered year, report to the joint  
18 committee on capital review the estimated amounts necessary to fulfill the  
19 requirements of sections 15-2021, 15-2031 and 15-2041 for the following two  
20 fiscal years. By December 1 of each odd-numbered year, the board shall  
21 provide to the joint committee on capital review an update of the estimated  
22 amounts necessary to fulfill the requirements of sections 15-2021, 15-2031  
23 and 15-2041 for the following fiscal year. No later than January 1 of each  
24 year, the board shall instruct the state treasurer as to the amounts under  
25 the transaction privilege tax to be credited in equal quarterly installments  
26 for the following state fiscal year. The board shall provide copies of both  
27 reports to the president of the senate, the speaker of the house of  
28 representatives and the governor.

29 11. Adopt minimum school facility adequacy guidelines to provide the  
30 minimum quality and quantity of school buildings and the facilities and  
31 equipment necessary and appropriate to enable pupils to achieve the  
32 educational goals of the Arizona state schools for the deaf and the  
33 blind. The school facilities board shall establish minimum school facility  
34 adequacy guidelines applicable to the Arizona state schools for the deaf and  
35 the blind by December 31, 2000.

36 B. The school facilities board may contract for private services in  
37 compliance with the procurement practices prescribed in title 41, chapter 23.

38 C. The governor shall appoint an executive director of the school  
39 facilities board pursuant to section 38-211. The executive director is  
40 eligible to receive compensation as determined pursuant to section 38-611 and  
41 may hire and fire necessary staff as approved by the legislature in the  
42 budget. The executive director shall have demonstrated competency in school  
43 finance, facilities design or facilities management, either in private  
44 business or government service. The executive director serves at the

1 pleasure of the governor. The staff of the school facilities board is exempt  
2 from title 41, chapter 4, articles 5 and 6. The executive director:

3 1. Shall analyze applications for monies submitted to the board by  
4 school districts.

5 2. Shall assist the board in developing forms and procedures for the  
6 distribution and review of applications and the distribution of monies to  
7 school districts.

8 3. May review or audit, or both, the expenditure of monies by a school  
9 district for deficiencies corrections, building renewal and new school  
10 facilities.

11 4. Shall assist the board in the preparation of the board's annual  
12 report.

13 5. Shall research and provide reports on issues of general interest to  
14 the board.

15 6. May aid school districts in the development of reasonable and  
16 cost-effective school designs in order to avoid statewide duplicated efforts  
17 and unwarranted expenditures in the area of school design.

18 7. May assist school districts in facilitating the development of  
19 multijurisdictional facilities.

20 8. Shall assist the board in any other appropriate matter or method as  
21 directed by the members of the board.

22 9. Shall establish procedures to ensure compliance with the notice and  
23 hearing requirements prescribed in section 15-905.

24 10. May expedite any request for funds in which the local match was not  
25 obtained for a project that received preliminary approval by the state board  
26 for school capital facilities.

27 11. Shall expedite any request for funds in which the school district  
28 governing board submits an application that shows an immediate need for a new  
29 school facility.

30 12. Shall make a determination as to administrative completion within  
31 one month after the receipt of an application by a school district for monies  
32 from the new school facilities fund.

33 13. Shall provide technical support to school districts as requested  
34 by school districts in connection with the construction of new school  
35 facilities and the maintenance of existing school facilities.

36 D. When appropriate, the school facilities board shall review and use  
37 the statewide school facilities inventory and needs assessment conducted by  
38 the joint committee on capital review and issued in July, 1995.

39 E. The school facilities board shall contract with one or more private  
40 building inspectors to complete an initial assessment of school facilities  
41 and equipment provided in section 15-2021 and shall inspect each school  
42 building in this state at least once every five years to ensure compliance  
43 with section 15-2011. A copy of the inspection report, together with any  
44 recommendations for building maintenance, shall be provided to the school  
45 facilities board and the governing board of the school district.

1 F. The school facilities board may consider appropriate combinations  
2 of facilities or uses in making assessments of and curing deficiencies  
3 pursuant to subsection A, paragraph 1 of this section and in certifying plans  
4 for new school facilities pursuant to subsection A, paragraph 5 of this  
5 section.

6 G. The board shall not award any monies to fund new facilities that  
7 are financed by class A bonds that are issued by the school district.

8 H. The board shall not distribute monies to a school district for  
9 replacement or repair of facilities if the costs associated with the  
10 replacement or repair are covered by insurance or a performance or payment  
11 bond.

12 I. THE BOARD MAY CONTRACT FOR CONSTRUCTION SERVICES AND MATERIALS THAT  
13 ARE NECESSARY TO CORRECT EXISTING DEFICIENCIES IN SCHOOL DISTRICT FACILITIES  
14 AS DETERMINED PURSUANT TO SECTION 15-2021. THE BOARD MAY PROCURE THE  
15 CONSTRUCTION SERVICES NECESSARY PURSUANT TO THIS SUBSECTION BY ANY METHOD  
16 INCLUDING CONSTRUCTION-MANAGER-AT-RISK, DESIGN-BUILD, DESIGN-BID-BUILD OR  
17 JOB-ORDER-CONTRACTING AS PROVIDED BY TITLE 41, CHAPTER 23. THE CONSTRUCTION  
18 PLANNING AND SERVICES PERFORMED PURSUANT TO THIS SUBSECTION ARE EXEMPT FROM  
19 THE PROVISIONS OF SECTION 41-791.01.

20 J. THE SCHOOL FACILITIES BOARD MAY ENTER INTO AGREEMENTS WITH SCHOOL  
21 DISTRICTS TO ALLOW SCHOOL FACILITIES BOARD STAFF AND CONTRACTORS ACCESS TO  
22 SCHOOL PROPERTY FOR THE PURPOSES OF PERFORMING THE CONSTRUCTION SERVICES  
23 NECESSARY PURSUANT TO SUBSECTION I OF THIS SECTION.

24 Sec. 4. Section 15-2021, Arizona Revised Statutes, is amended to read:  
25 15-2021. Deficiencies correction fund

26 A. A deficiencies correction fund is established consisting of monies  
27 appropriated by the legislature and monies credited to the fund pursuant to  
28 section 42-5030.01. The school facilities board shall administer the fund  
29 and distribute monies to school districts AND PAY CONTRACTORS for the purpose  
30 of correcting existing deficiencies. Monies in the fund are continuously  
31 appropriated and are exempt from the provisions of section 35-190 relating  
32 to lapsing of appropriations.

33 B. School districts are eligible for monies from the deficiencies  
34 correction fund for either of the following purposes:

35 1. To correct any square footage deficiency pursuant to section  
36 15-2011. School districts shall submit a summary notice on a form prescribed  
37 by the school facilities board that the school district believes it has a  
38 square footage deficiency pursuant to section 15-2011, subsection C to the  
39 school facilities board by December 1, 1998. If the school district exceeds  
40 the standard by ten per cent or more, the school district may be required to  
41 pay for the cost of an on-site space assessment by the school facilities  
42 board. By June 30, 1999, the school facilities board shall assess all  
43 alleged square footage deficiencies from the school district notices.

44 2. To correct quality deficiencies based on the district's inability  
45 to comply with the minimum school facility adequacy requirements established

1 in and pursuant to section 15-2011. This state shall not correct quality  
2 deficiencies pursuant to this paragraph for elective courses that require the  
3 school district facilities to exceed building adequacy standards. School  
4 districts shall submit a summary notice on a form prescribed by the school  
5 facilities board that the school district has a quality deficiency need to  
6 the school facilities board by August 1, 1999.

7 C. The school facilities board shall calculate the amount of  
8 distribution for square footage deficiencies based on the square footage  
9 prescribed in section 15-2011, subsection C and the cost per square foot  
10 based on the amounts prescribed in section 15-2041, subsection D, paragraph  
11 3, subdivision (c), adjusted as needed to bring the school district into  
12 compliance with the minimum school facility adequacy requirements established  
13 in and pursuant to section 15-2011.

14 D. The school facilities board may distribute monies for new  
15 construction to a school district if the board determines after its  
16 assessment that the new construction is more cost-effective than correcting  
17 the deficiencies in the existing school building or buildings.

18 E. The school facilities board shall distribute monies to ~~school~~  
19 districts from the deficiencies correction fund TO SCHOOL DISTRICTS AND PAY  
20 CONTRACTORS FOR THE PURPOSE OF CORRECTING EXISTING DEFICIENCIES in an amount  
21 approved by the board. The school facilities board shall review and award  
22 monies to correct deficiencies pursuant to this section by June 30, 2001 and  
23 shall ensure that school districts correct deficiencies pursuant to this  
24 section by June 30, 2003.

25 F. School districts that receive monies from the deficiencies  
26 correction fund shall establish a school district deficiencies correction  
27 fund and shall use the monies in the school district deficiencies correction  
28 fund only for the purposes prescribed in this section. Ending cash balances  
29 in a school district's deficiencies correction fund may be used in following  
30 fiscal years only for the purposes prescribed in this section. Each school  
31 district that receives monies from the deficiencies correction fund shall  
32 annually report the expenditures in the previous fiscal year to the school  
33 facilities board by October 15 and provide an accounting of the monies  
34 remaining in the deficiencies correction fund at the end of the previous  
35 fiscal year. The school facilities board shall submit a report to the  
36 legislature and the Arizona state library, archives and public records by  
37 December 15, 1999 that includes a detailed cost estimate of the monies that  
38 will need to be appropriated to correct the existing deficiencies of all  
39 schools in this state by June 30, 2003. This state shall annually  
40 appropriate monies to the deficiencies correction fund established in this  
41 section in order to correct existing deficiencies of all schools in this  
42 state by June 30, 2003.

43 G. A DEFICIENCY CORRECTION PROJECT AWARDED PURSUANT TO THIS SECTION  
44 MAY BE COMBINED WITH THE DEFICIENCY CORRECTION PROJECTS OF ONE OR MORE  
45 ADDITIONAL SCHOOL DISTRICTS FOR PURPOSES OF PROCURING CONSTRUCTION SERVICES

1 AND MATERIALS THAT ARE NECESSARY TO CORRECT DEFICIENCIES IF THE SCHOOL  
2 FACILITIES BOARD DETERMINES THAT COMBINING THE PROJECTS MAXIMIZES THE  
3 PURCHASING VALUE OF THE PUBLIC MONIES OF THIS STATE.

4 Sec. 5. Section 15-2081, Arizona Revised Statutes, is amended to read:

5 15-2081. Authorization of state school improvement revenue  
6 bonds

7 A. The school facilities board may issue revenue bonds in a principal  
8 amount not to exceed eight hundred million dollars pursuant to this article.  
9 The bonds may be issued for the following purposes:

10 1. To provide monies to pay the cost of:

11 (a) Correcting existing deficiencies as prescribed by section 15-2021.

12 (b) Bond related expenses including any expenses incurred by the  
13 school facilities board to issue and administer its bonds including  
14 underwriting fees and costs, trustee fees, financial consultant fees,  
15 printing and advertising costs, paying agent fees, transfer agent fees,  
16 legal, accounting, feasibility consultant and other professional fees and  
17 expenses, bond insurance or other credit enhancements or liquidity  
18 facilities, attorney and accounting fees and expenses related to credit  
19 enhancement, bond insurance or liquidity enhancement, remarketing fees,  
20 rating agency fees and costs, travel and telephone expenses and all other  
21 fees considered necessary by the school facilities board in order to market  
22 and administer the bonds.

23 2. To fully or partially fund any reserves or sinking accounts  
24 established by the bond resolution.

25 B. The school facilities board shall authorize the bonds by  
26 resolution. The resolution shall prescribe:

27 1. The fixed or variable rate or rates of interest, the date or dates  
28 on which interest is payable and the denominations of the bonds.

29 2. The date or dates of the bonds and maturity, within twenty years  
30 after the date of issuance.

31 3. The form of the bonds.

32 4. The manner of executing the bonds.

33 5. The medium and place of payment.

34 6. The terms of redemption, which may provide for a premium for early  
35 redemption.

36 C. The bonds issued pursuant to this article shall be known as state  
37 school improvement revenue bonds.

38 D. THE AUTHORITY OF THE SCHOOL FACILITIES BOARD TO ISSUE SCHOOL  
39 IMPROVEMENT REVENUE BONDS PURSUANT TO THIS ARTICLE EXPIRES FROM AND AFTER  
40 JUNE 30, 2003, EXCEPT FOR BONDS ISSUED TO REFUND ANY BONDS ISSUED BY THE  
41 BOARD.

1       Sec. 6. Section 15-2085, Arizona Revised Statutes, is amended to read:  
2       15-2085. Securing principal and interest

3       A. In connection with issuing bonds authorized by this article and to  
4 secure the principal and interest on the bonds, the school facilities board  
5 by resolution may:

6       1. Segregate the school improvement revenue bond debt service fund  
7 into one or more accounts and subaccounts and provide that bonds issued under  
8 this article may be secured by a lien on all or part of the monies paid into  
9 the revenue bond debt service fund or into any account or subaccount in the  
10 fund.

11       2. Provide that the bonds issued under this article are secured by a  
12 first lien on the monies paid into the school improvement revenue bond debt  
13 service fund as provided by ~~section 37-521, subsection B, paragraph 1 and~~  
14 ~~section 42-5029, subsection E, PARAGRAPH 1~~ and pledge and assign to or in  
15 trust for the benefit of the holder or holders of the bonds all or part of  
16 the monies in the school improvement revenue bond debt service fund, in any  
17 account or subaccount in the fund or in the school improvement revenue bond  
18 proceeds fund as is necessary to secure and pay the principal, the interest  
19 and any premium on the bonds as they come due.

20       3. Establish priorities among bondholders based on criteria adopted  
21 by the board.

22       4. Set aside, regulate and dispose of reserves and sinking accounts.

23       5. Prescribe the procedure, if any, by which the terms of any contract  
24 with bondholders may be amended or abrogated, the amount of bonds the holders  
25 of which must consent to and the manner in which the consent may be given.

26       6. Provide for payment of bond related expenses from the proceeds of  
27 the sale of the bonds or other revenues authorized by this article and  
28 available to the board.

29       7. Provide for the services of trustees, cotrustees, agents and  
30 consultants and other specialized services with respect to the bonds.

31       8. Take any other action that in any way may affect the security and  
32 protection of the bonds or interest on the bonds.

33       9. Refund any bonds issued by the board, if these bonds are secured  
34 from the same source of revenues as the bonds authorized by this article, by  
35 issuing new bonds, whether at or before maturity of the bonds being refunded.

36       10. Issue bonds partly to refund outstanding bonds and partly for any  
37 other purpose consistent with this article.

38       B. Bonds issued to refund any bonds issued by the board as provided  
39 by subsection A, paragraphs 9 and 10 of this section are not subject to  
40 legislative authorization or subject to the eight hundred million dollar  
41 limitation prescribed by section 15-2081, subsection A.

42       Sec. 7. Section 41-2632, Arizona Revised Statutes, is amended to read:  
43       41-2632. Cooperative purchasing authorized

44       A. Any public procurement unit may either participate in, sponsor,  
45 conduct or administer a cooperative purchasing agreement for the procurement

1 of any materials, services or construction with one or more public  
2 procurement units in accordance with an agreement entered into between the  
3 participants. A nonprofit educational or public health institution may enter  
4 into an agreement pursuant to this section if one or more of the parties  
5 involved is a public procurement unit. An agreement entered into as provided  
6 in this article is exempt from section 11-952, subsections D and F. Parties  
7 under a cooperative purchasing agreement may:

8 1. Sponsor, conduct or administer a cooperative agreement for the  
9 procurement or disposal of any materials, services or construction.

10 2. Cooperatively use materials or services.

11 3. Commonly use or share warehousing facilities, capital equipment and  
12 other facilities.

13 4. Provide personnel, except that the requesting public procurement  
14 unit shall pay the public procurement unit providing the personnel the direct  
15 and indirect cost of providing the personnel, in accordance with the  
16 agreement.

17 5. On request, make available to other public procurement units  
18 informational, technical or other services that may assist in improving the  
19 efficiency or economy of procurement. The public procurement unit furnishing  
20 the informational or technical services has the right to request  
21 reimbursement for the reasonable and necessary costs of providing such  
22 services.

23 B. THE SCHOOL FACILITIES BOARD OR SCHOOL DISTRICTS, OR BOTH, MAY ENTER  
24 INTO AN AGREEMENT WITH A PUBLIC PROCUREMENT UNIT PURSUANT TO THIS SECTION FOR  
25 THE PURPOSE OF PROCURING MATERIALS AND SERVICES NEEDED TO CORRECT  
26 DEFICIENCIES IN SCHOOL FACILITIES AS DETERMINED IN SECTION 15-2021.

27 ~~B.~~ C. The activities described in this section do not limit what  
28 parties may do under a cooperative purchasing agreement.

29 Sec. 8. Section 41-3008.19, Arizona Revised Statutes, is amended to  
30 read:

31 41-3008.19. School facilities board; termination July 1, 2008

32 A. The school facilities board terminates on July 1, 2008.

33 B. Title 15, chapter 16 is repealed on January 1, 2009 only if either:

34 1. The board has no outstanding state school facilities revenue bonds  
35 issued pursuant to title 15, chapter 16, article 6 AND NO OUTSTANDING SCHOOL  
36 IMPROVEMENT BONDS ISSUED PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 7.

37 2. The legislature has otherwise provided for paying or retiring any  
38 outstanding state school facilities revenue bonds AND ANY OUTSTANDING STATE  
39 SCHOOL IMPROVEMENT BONDS.

40 C. If neither of the conditions in subsection B have occurred by  
41 January 1, 2009, title 15, chapter 16 is repealed thirty days after the  
42 retirement of all revenue bonds issued pursuant to title 15, chapter 16,  
43 article 6 AND TITLE 15, CHAPTER 16, ARTICLE 7.

1       Sec. 9. Laws 1998, fifth special session, chapter 1, section 55, as  
2 amended by Laws 1999, chapter 299, section 39 and Laws 2000, chapter 163,  
3 section 2, is amended to read:

4       Sec. 55. Exemption from rule making requirements; delayed  
5               effective date of rules

6       Notwithstanding any other law, the school facilities board is exempt  
7 from the provisions of title 41, chapter 6, Arizona Revised Statutes, until  
8 December 31, 2000 2001 with respect to the rules establishing minimum school  
9 facility adequacy guidelines pursuant to section 15-2011, Arizona Revised  
10 Statutes, as added by this act. By March 31, 1999, the school facilities  
11 board shall provide a final draft of proposed minimum school facility  
12 adequacy guidelines to the governor, the speaker of the house of  
13 representatives and the president of the senate and the school facilities  
14 board shall make copies of the final draft available to the public. The  
15 school facilities board shall provide the public with an opportunity to  
16 comment on the proposed rules and shall hold at least one public hearing on  
17 the proposed rules. The rules adopted pursuant to this section do not become  
18 effective until April 30, 1999.

19       Sec. 10. Laws 1998, fifth special session, chapter 1, section 60, as  
20 amended by Laws 2000, chapter 163, section 3, is amended to read:

21       Sec. 60. School facilities board; procurement

22       Notwithstanding any other provision of law, the school facilities board  
23 is exempt from the provisions of title 41, chapter 23, Arizona Revised  
24 Statutes, until from and after December 31, 2000 2001.

25       Sec. 11. Repeal

26       Laws 2000, fifth special session, chapter 1, section 59 is repealed.

27       Sec. 12. Transfer of new school facilities fund monies

28       On the effective date of this act, the school facilities board may  
29 transfer monies in the new school facilities fund established pursuant to  
30 section 15-2041, Arizona Revised Statutes, to the deficiencies correction  
31 fund established pursuant to section 15-2021, Arizona Revised Statutes, until  
32 June 30, 2001. The school facilities board shall transfer monies in the  
33 deficiencies correction fund to the new school facilities fund at any time  
34 during fiscal year 2001-2002 in an amount not to exceed the amount of any  
35 monies transferred from the new school facilities fund to the deficiencies  
36 correction fund during fiscal year 2000-2001.

37       Sec. 13. Retroactivity

38       Sections 9 and 10 of this act are effective retroactively to from and  
39 after December 31, 2000.

40       Sec. 14. Emergency

41       This act is an emergency measure that is necessary to preserve the  
42 public peace, health or safety and is operative immediately as provided by  
43 law.

APPROVED BY THE GOVERNOR MARCH 15, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 19, 2001.



Passed the House March 14, 20 01,

by the following vote: 41 Ayes,

14 Nays, 5 Not Voting  
*with emergency*

[Signature]  
Speaker of the House

Sporman L. Spore  
Chief Clerk of the House

Passed the Senate February 19, 20 01,

by the following vote: 26 Ayes,

2 Nays, 2 Not Voting  
*With Emergency*

[Signature]  
President of the Senate

Chaimin B. Bledsoe  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

15 day of March, 2001,

at 1:15 o'clock P M.  
[Signature]  
Secretary to the Governor

Approved this 19 day of

March, 2001,

at 3:40 o'clock P M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 19<sup>th</sup> day of March, 2001,

at 4:32 o'clock PM M.

[Signature]  
Secretary of State

S.B. 1181